

## Calendar No. 674

109TH CONGRESS  
2D SESSION**S. 1129**

To provide authorizations of appropriations for certain development banks,  
and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 26, 2005

Mr. LUGAR (for himself, Mr. HAGEL, Mr. MARTINEZ, Mrs. CLINTON, Mr. STEVENS, Mr. ALEXANDER, Mr. COCHRAN, Mr. COLEMAN, Mr. OBAMA, Mr. THUNE, Mr. ISAKSON, and Mr. BIDEN) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

DECEMBER 8, 2006

Reported by Mr. LUGAR, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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**A BILL**

To provide authorizations of appropriations for certain  
development banks, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Development Bank Re-  
5       form and Authorization Act of 2005”.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) The United States has strong national secu-  
4 rity and humanitarian interests in alleviating pov-  
5 erty and promoting development around the world.

6 (2) The World Bank, the African Development  
7 Bank, the Asian Development Bank, the European  
8 Bank for Reconstruction and Development, and the  
9 Inter-American Development Bank leverage the re-  
10 sources that the United States and other donors can  
11 devote to such goals.

12 (3) Contributions from the United States and  
13 other donors to the multilateral development banks  
14 must be well managed so that the mission of such  
15 banks is fully realized and not undermined by cor-  
16 ruption. Bribes can influence important bank deci-  
17 sions on projects and contractors and misuse of  
18 funds can inflate project costs, cause projects to fail,  
19 and undermine development effectiveness.

20 (4) Officials of the World Bank have identified  
21 corruption as the single greatest obstacle to eco-  
22 nomic and social development. Corruption under-  
23 mines development by distorting the rule of law and  
24 weakening the institutional foundation on which eco-  
25 nomic growth depends.

1           (5) Officials of the World Bank have deter-  
2           mined that the harmful effects of corruption are es-  
3           pecially severe on the poor, who are hardest hit by  
4           economic decline, are most reliant on the provision  
5           of public services, and are least capable of paying  
6           the extra costs associated with bribery, fraud, and  
7           the misappropriation of economic privileges.

8           (6) In hearings before the Foreign Relations  
9           Committee of the Senate, it was demonstrated  
10          that—

11                (A) significant multilateral development  
12                bank funding has been lost to corruption and it  
13                is difficult to ascertain such amount precisely,  
14                in part because the multilateral development  
15                banks have not implemented procedures to cal-  
16                culate such amounts, either in the aggregate or  
17                on a country basis;

18                (B) the multilateral development banks are  
19                taking action to address fraud and corruption  
20                but additional measures remain to be carried  
21                out;

22                (C) the capability of anti-corruption mech-  
23                anisms are not consistent among the multilat-  
24                eral development banks and divergences in anti-

1 corruption policies exist that may hinder coordi-  
2 nation on fighting corruption;

3 ~~(D)~~ weaknesses in whistleblower policy and  
4 practice exist at the multilateral development  
5 banks, to varying degree, that impede anti-  
6 fraud and anti-corruption efforts;

7 ~~(E)~~ greater transparency is necessary to  
8 provide effective development aid;

9 ~~(F)~~ the Secretary of the Treasury encour-  
10 ages anti-corruption efforts at the multilateral  
11 development banks and reviews loans made by  
12 such banks; however, the United States has lim-  
13 ited ability to investigate the misuse of funds  
14 from such banks; and

15 ~~(G)~~ in some cases, the countries bearing  
16 the cost of prosecuting corruption related to the  
17 multilateral development banks are the coun-  
18 tries that can least afford such costs; for exam-  
19 ple, the Government of Lesotho incurred con-  
20 siderable expense, despite competing priorities,  
21 such as those arising from an HIV/AIDS rate  
22 of more than 25 percent in that country, to in-  
23 vestigate and prosecute fraud and corruption  
24 related to a project that received funding from  
25 the World Bank and the World Bank did not

1           contribute money towards the prosecution or in-  
2           vestigation.

3           ~~(7) The General Accounting Office issued a re-~~  
4           ~~port in 2001 that evaluated the external audit re-~~  
5           ~~porting of the African Development Bank, the Asian~~  
6           ~~Development Bank, the European Bank for Recon-~~  
7           ~~struction and Development, and the Inter-American~~  
8           ~~Development Bank and a report in 2000 that evalu-~~  
9           ~~ated the internal controls of the World Bank, and~~  
10          ~~recommended measures to strengthen such audit re-~~  
11          ~~porting and controls.~~

12          ~~(8) The International Financial Institutions Ad-~~  
13          ~~visory Commission (also known as the “Meltzer~~  
14          ~~Commission”)~~ concluded in 2000, among other  
15          things, that—

16               ~~(A) pressure to lend for lending’s sake is~~  
17               ~~built into the structure of the multilateral devel-~~  
18               ~~opment banks;~~

19               ~~(B) although several of the multilateral de-~~  
20               ~~velopment banks recognize this problem and~~  
21               ~~have called attention to the need for change,~~  
22               ~~there is, at most, weak counterbalance to the~~  
23               ~~pressure to lend; and~~

24               ~~(C) the multilateral development banks’~~  
25               ~~systems for project evaluation, performance~~

1 evaluation, and project selection must be im-  
 2 proved, and that such evaluation should be a re-  
 3 petitive process spread over time, including  
 4 many years after final disbursement of funds.

5 **SEC. 3. DEFINITIONS.**

6 In this Act:

7 (1) **APPROPRIATE CONGRESSIONAL COMMIT-**  
 8 **TEES.**—The term “appropriate congressional com-  
 9 mittees” means the Committee on Foreign Relations  
 10 and the Committee on Banking, Housing, and  
 11 Urban Affairs of the Senate and the Committee on  
 12 International Relations and the Committee on Fi-  
 13 nancial Services of the House of Representatives.

14 (2) **GROUP OF 7.**—The term “Group of 7”  
 15 means Canada, France, Germany, Italy, Japan, the  
 16 United Kingdom, and the United States.

17 (3) **GROUP OF 8.**—The term “Group of 8”  
 18 means the Group of 7 and Russia.

19 (4) **MULTILATERAL DEVELOPMENT BANKS.**—  
 20 The term “multilateral development banks” means  
 21 the African Development Bank, the Asian Develop-  
 22 ment Bank, the European Bank for Reconstruction  
 23 and Development, the Inter-American Development  
 24 Bank, the World Bank, and any subsidiary or affil-  
 25 iate of such institutions.

1           (5) PERSON.—The term “person” includes a  
 2           government, a government-controlled entity, a cor-  
 3           poration, a company, an association, a firm, a part-  
 4           nership, a society, and a joint stock company, as  
 5           well as an individual.

6           (6) SECRETARY.—Except as otherwise provided,  
 7           the term “Secretary” means the Secretary of the  
 8           Treasury.

9           (7) WORLD BANK.—The term “World Bank”  
 10          means the International Bank for Reconstruction  
 11          and Development, the International Development  
 12          Association, the International Finance Corporation,  
 13          and the Multilateral Investment Guarantee Agency  
 14          and any subsidiary or affiliate of such institutions.

15 **SEC. 4. REFORMS.**

16          (a) AUTHORITY.—The Secretary is authorized to seek  
 17          the creation of a pilot program that establishes an Anti-  
 18          Corruption Trust at the World Bank, as described in this  
 19          section.

20          (b) PURPOSES.—The purposes of the Anti-Corrup-  
 21          tion Trust pilot program shall include—

22                (1) to assist poor countries in investigations  
 23                and prosecutions of fraud and corruption related to  
 24                a loan, grant, or credit of the World Bank; and

1           (2) to determine whether such a program  
2           should be carried out at other multilateral develop-  
3           ment banks.

4           (c) REPAYMENT OF FUNDS.—If a poor country as-  
5           sesses a fine or receives any remuneration as part of a  
6           prosecution paid for with funds from the Anti-Corruption  
7           Trust pilot program, such country shall repay the amount  
8           received from the Trust until the total amount received  
9           by such country is repaid.

10          (d) MONITORING.—The Secretary shall be respon-  
11          sible for establishing a system for monitoring the disburse-  
12          ment and use of funds from the Anti-Corruption Trust  
13          pilot program and promoting access to such funds by poor  
14          countries that are challenged by the high cost of inves-  
15          tigating and prosecuting corruption and fraud linked to  
16          a loan from, or a project funded by, the World Bank.

17          (e) OTHER DONORS.—The Secretary shall encourage  
18          other donors to the multilateral development banks to con-  
19          tribute funds to the Anti-Corruption Trust.

20          (f) POOR COUNTRIES DEFINED.—In this section, the  
21          term “poor countries” means countries eligible to borrow  
22          from the International Development Association, as such  
23          eligibility is determined by gross national product per cap-  
24          ita, lack of creditworthiness to borrow on market terms,  
25          and good policy performance.



1       ~~(g) REPORTS.—~~

2               ~~(1) REPORT ON IMPLEMENTATION.—Not later~~  
 3       ~~than September 1, 2006, the Secretary shall submit~~  
 4       ~~to the appropriate congressional committees a report~~  
 5       ~~that describes the actions taken to establish the~~  
 6       ~~Anti-Corruption Trust as described in this section.~~

7               ~~(2) REPORT ON EVALUATION.—Not later than~~  
 8       ~~September 1, 2007, the Secretary shall submit to~~  
 9       ~~the appropriate congressional committees a report~~  
 10       ~~that—~~

11                       ~~(A) evaluates the effectiveness of the Anti-~~  
 12                       ~~Corruption Trust pilot program; and~~

13                       ~~(B) evaluates the feasibility of establishing~~  
 14                       ~~similar trusts at other multilateral development~~  
 15                       ~~banks.~~

16       ~~(h) AUTHORIZATION OF APPROPRIATIONS.—There is~~  
 17       ~~authorized to be appropriated to the Secretary such sums~~  
 18       ~~as may be necessary for contribution on behalf of the~~  
 19       ~~United States to an Anti-Corruption Trust if a pilot pro-~~  
 20       ~~gram establishing such a Trust is established as described~~  
 21       ~~in this section.~~

1 **SEC. 5. PROMOTION OF POLICY GOALS AT MULTILATERAL**  
2 **DEVELOPMENT BANKS.**

3 Title XV of the International Financial Institutions  
4 Act (22 U.S.C. 262o) is amended by adding at the end  
5 the following:

6 **~~“SEC. 1505. PROMOTION OF POLICY GOALS.~~**

7 ~~“(a) DEFINITIONS.—In this section:~~

8 ~~“(1) APPROPRIATE CONGRESSIONAL COMMIT-~~  
9 ~~TEES.—The term ‘appropriate congressional com-~~  
10 ~~mittees’ means the Committee on Foreign Relations~~  
11 ~~and the Committee on Banking, Housing, and~~  
12 ~~Urban Affairs of the Senate and the Committee on~~  
13 ~~International Relations and the Committee on Fi-~~  
14 ~~nancial Services of the House of Representatives.~~

15 ~~“(2) MULTILATERAL DEVELOPMENT BANKS.—~~  
16 ~~The term ‘multilateral development banks’ means~~  
17 ~~the African Development Bank, the Asian Develop-~~  
18 ~~ment Bank, the European Bank for Reconstruction~~  
19 ~~and Development, the Inter-American Development~~  
20 ~~Bank, the World Bank, and any subsidiary or affil-~~  
21 ~~iate of such institutions.~~

22 ~~“(3) PERSON.—The term ‘person’ includes a~~  
23 ~~government, a government-controlled entity, a cor-~~  
24 ~~poration, a company, an association, a firm, a part-~~  
25 ~~nership, a society, and a joint stock company, as~~  
26 ~~well as an individual.~~

1           “(4) SECRETARY.—Except as otherwise pro-  
2       vided, the term ‘Secretary’ means the Secretary of  
3       the Treasury.

4           “(5) WORLD BANK.—The term ‘World Bank’  
5       means the International Bank for Reconstruction  
6       and Development, the International Development  
7       Association, the International Finance Corporation,  
8       and the Multilateral Investment Guarantee Agency,  
9       and any subsidiary or affiliate of such institutions.

10       “(b) TRANSPARENCY.—

11           “(1) PUBLICATION OF STATEMENTS.—

12           “(A) IN GENERAL.—Not later than 60 cal-  
13       endar days after a meeting of the board of di-  
14       rectors of a multilateral development bank, the  
15       Secretary shall provide for publication on the  
16       Internet Web site of the Department of the  
17       Treasury of—

18           “(i) the justification for each vote by  
19       the United States Executive Director at  
20       the multilateral development bank on any  
21       matter before the board of directors of the  
22       bank; and

23           “(ii) any written statement presented  
24       at the meeting by such United States Ex-  
25       ecutive Director at the bank concerning—

1                   “(I) a lending, grant, or guar-  
 2                   antee operation which would result or  
 3                   be likely to result in significant social  
 4                   or environmental effects;

5                   “(II) an institutional policy or  
 6                   strategy of the bank that generates  
 7                   significant public interest, including  
 8                   operational policies and sector or the-  
 9                   matic strategies;

10                  “(III) a project on which a claim  
 11                  has been made to the inspection  
 12                  mechanism of the bank; or

13                  “(IV) a case pending before the  
 14                  inspection mechanism of the bank.

15                  “(B) REDACTED MATERIAL.—The Sec-  
 16                  retary may redact material from the material to  
 17                  be made available under subparagraph (A) if  
 18                  the Secretary determines such material is too  
 19                  sensitive for public distribution.

20                  “(2) VOICE AND VOTE.—The Secretary shall in-  
 21                  struct the United States Executive Director at each  
 22                  multilateral development bank to inform the bank of  
 23                  the publication policy described in paragraph (3),  
 24                  and use the voice and vote of the United States to  
 25                  implement such policy.

1           “(3) PUBLICATION POLICY.—

2           “(A) IN GENERAL.—The publication policy  
3 referred to in paragraph (2) is a policy that  
4 each multilateral development bank shall—

5           “(i) make available to the public, in-  
6 cluding on the Internet Web site of such  
7 bank, the loan, credit, and grant docu-  
8 ments, country assistance strategies, sector  
9 strategies, and sector policies prepared by  
10 the bank that are to be presented for en-  
11 dorsement or approval by the board of di-  
12 rectors of the bank, 15 calendar days prior  
13 to the date that such document, strategy,  
14 or policy will be considered by the board  
15 or, if not available at that time, at the time  
16 the documents are distributed to the  
17 board;

18           “(ii) make available to the public all  
19 draft country strategies 120 calendar days  
20 prior to consideration of such strategies by  
21 the board of directors of the bank;

22           “(iii) make a concerted effort to dis-  
23 tribute paper copies of the material re-  
24 ferred to in clauses (i) and (ii) to commu-

1 nities affected by the documents referred  
2 to in such clauses;

3 “(iv) make available to the public, in-  
4 cluding on the Internet Web site of such  
5 bank, the minutes of a meeting of the  
6 board of directors of the bank, not later  
7 than 60 calendar days after the date that  
8 the bank approves the minutes of the  
9 board meeting;

10 “(v) make available to the public, in-  
11 cluding on the Internet Web site of such  
12 bank, a summary of discussion of the  
13 meeting of the board of directors of the  
14 bank, not later than 90 calendar days after  
15 the date of the meeting;

16 “(vi) keep a written transcript or elec-  
17 tronic recording of each meeting of its  
18 board of directors and preserve the tran-  
19 script or recording for not less than 10  
20 years after the date of such meeting; and

21 “(vii) make available to the public a  
22 written transcript or an electronic record-  
23 ing of a meeting of the board of directors  
24 of the bank during the 5-year period begin-

1                   ning on the date that is 5 years after the  
2                   date of the meeting.

3                   “(B) REDACTED MATERIAL.—The presi-  
4                   dent of a multilateral development bank may  
5                   redact material from the material to be made  
6                   available under subparagraph (A) if the presi-  
7                   dent of a multilateral development bank deter-  
8                   mines such material is too sensitive for public  
9                   distribution.

10                  “(c) STRENGTHENING DEVELOPMENT BANK ADMIN-  
11                  ISTRATION.—The Secretary shall instruct the United  
12                  States Executive Director at each multilateral develop-  
13                  ment bank to inform the bank of, and use the voice and  
14                  vote of the United States to achieve at the bank, the fol-  
15                  lowing United States policy goals:

16                  “(1) Each multilateral development bank shall  
17                  require mandatory financial disclosure of any pos-  
18                  sible or apparent conflict of interest by each em-  
19                  ployee of the bank, consultant to the bank, or inde-  
20                  pendent expert to the bank whose duties and respon-  
21                  sibilities include, through decision or the exercise of  
22                  judgment, the taking of any action regarding—

23                          “(A) contracting or procurement;

24                          “(B) developing, administering, managing,  
25                          or monitoring loans, grants, programs, projects,

1 subsidies, or other conferred financial or oper-  
 2 ational benefits provided by the bank; or

3 ~~“(C) evaluating or auditing any project,~~  
 4 ~~program or entity.~~

5 ~~“(2) Each multilateral development bank shall~~  
 6 ~~reform the ‘pressure to lend’ incentive structure at~~  
 7 ~~such bank by linking project design and implementa-~~  
 8 ~~tion to staff performance appraisals and shall re-~~  
 9 ~~quire that staff increase its focus on monitoring ex-~~  
 10 ~~isting loans.~~

11 ~~“(3) Each multilateral development bank shall~~  
 12 ~~continue strengthening whistleblower policies at the~~  
 13 ~~bank to the level of emerging standards for national~~  
 14 ~~and international law in the Sarbanes-Oxley Act of~~  
 15 ~~2002 (15 U.S.C. 7201 et seq.); the Inspector Gen-~~  
 16 ~~eral Act of 1978 (5 U.S.C. App.), and the model ap-~~  
 17 ~~proved for member nations by the Organization of~~  
 18 ~~American States to implement the Inter-American~~  
 19 ~~Convention Against Corruption, done at Caracas on~~  
 20 ~~March 29, 1996.~~

21 ~~“(4) All loan, credit, guarantee, and grant doc-~~  
 22 ~~uments and other agreements with borrowers shall~~  
 23 ~~include provisions for the financial resources and~~  
 24 ~~conditionality necessary to ensure that a person who~~  
 25 ~~obtains financial support from a multilateral devel-~~



1        opment bank complies with applicable bank policies  
2        and national and international laws in carrying out  
3        the terms and conditions of such documents and  
4        agreements, including bank policies and national and  
5        international laws pertaining to the comprehensive  
6        assessment and transparency of the activities sup-  
7        ported, such as those concerning public consultation;  
8        access to information, public health, safety, and en-  
9        vironmental protection.

10        “(5) Each multilateral development bank shall  
11        develop clear procedures setting forth the cir-  
12        cumstances under which a person will be barred  
13        from receiving a loan, contract, grant, or credit from  
14        such bank, shall make such procedures available to  
15        the public, and shall make the identities of such per-  
16        son available to the public.

17        “(6) Each multilateral development bank shall  
18        coordinate policies across international institutions  
19        on issues including debarment, cross-debarment,  
20        procurement and consultant guidelines, and fidu-  
21        ciary standards so that a person that is debarred by  
22        one multilateral development bank is automatically  
23        declared ineligible to conduct business with the other  
24        multilateral development banks during the specified  
25        ineligibility period.

1       “(d) ~~ANTI-CORRUPTION PRACTICES.—~~

2               “(1) ~~VOICE AND VOTE.—~~The Secretary shall in-  
3       struct the United States Executive Director at each  
4       multilateral development bank to inform the bank of  
5       the United States anti-corruption policy described in  
6       paragraph (2); and use the voice and vote of the  
7       United States to implement such policy at the bank.

8               “(2) ~~ANTI-CORRUPTION POLICY.—~~The anti-cor-  
9       ruption policy referred to in paragraph (1) is the  
10      United States policy that a person that receives  
11      money from a multilateral development bank shall  
12      sign a code of conduct that embodies the standards  
13      set out in section 104 of the Foreign Corrupt Prac-  
14      tices Act of 1977 (15 U.S.C. 78dd-2), and that pro-  
15      hibits such person from corruptly in furtherance of  
16      an offer, payment, promise to pay, or authorization  
17      of the payment of any money, or offer, gift, promise  
18      to give, or authorization of the giving of anything of  
19      value to any official for purposes, directly or indi-  
20      rectly—

21              “(A)(i) ~~influencing any act or decision of~~  
22              such official in his or her official capacity;

23              “(ii) ~~supporting any political party, polit-~~  
24              ical entity, any official of a political party, or  
25              any candidate for political office;

1           “(iii) inducing such official to do or omit  
2           to do any act in violation of the lawful duty of  
3           such official; or

4           “(iv) securing any improper advantage; or

5           “(B) inducing such official to use the offi-  
6           cial’s influence with a government or instru-  
7           mentality thereof, to affect or influence any act  
8           or decision of such government or instrumen-  
9           tality;

10          in order to assist such person in obtaining or retain-  
11          ing business for or with, or directing business to,  
12          any other person.

13          “(e) STRENGTHENING DEVELOPMENT BANK AUDIT-  
14          ING.—

15          “(1) VOICE AND VOTE.—The Secretary shall in-  
16          struct the United States Executive Director at each  
17          multilateral development bank to inform the bank of,  
18          and use the voice and vote of the United States to  
19          achieve at the bank, the following United States pol-  
20          icy goals:

21                 “(A) Each multilateral development bank  
22                 shall—

23                         “(i) establish an independent Office of  
24                         an Inspector General, establish or  
25                         strengthen an independent auditing func-

tion at the bank, and require that the Inspector General and the auditing function report directly to the board of directors of the bank; and

“(ii) adopt and implement an internationally recognized internal controls framework, allocate adequate staffing to auditing and supervision, require external audits of internal controls, and external and forensic audits of loans where fraud is suspected.

“(B) Each multilateral development bank shall establish a plan and schedule for conducting regular, independent audits of internal management controls and procedures for meeting operational objectives, complying with the policies of such bank, and preventing fraud, and making reports describing the scope and findings of such audits available to the public.

“(C) Each multilateral development bank shall establish effective procedures for the receipt, retention, and treatment of—

“(i) complaints received by the bank regarding fraud, accounting, mismanage-

ment, internal accounting controls, or auditing matters; and

“(ii) the confidential, anonymous submission, particularly by employees of the bank, of concerns regarding fraud, accounting, mismanagement, internal accounting controls, or auditing matters.

“(D) Each multilateral development bank shall post on the Internet Web site of such bank an annual report containing statistical summaries and case studies of the fraud and corruption cases pursued by the bank’s investigations unit.

“(f) COMPENSATION PACKAGES FOR PEOPLE NEGATIVELY AFFECTED BY DEVELOPMENT BANK PROJECTS.—

“(1) VOICE AND VOTE.—The Secretary shall instruct the United States Executive Director at each multilateral development bank to inform the bank of the United States policy goals related to compensation described in paragraph (2), and use the voice and vote of the United States to implement such policy at the bank.

“(2) COMPENSATION POLICY.—The compensation policy referred to in paragraph (1) is a policy

1       that each multilateral development bank shall, for  
2       each project funded by the bank where compensa-  
3       tion, including resettlement or rehabilitation assist-  
4       ance, is to be provided to persons adversely impacted  
5       by the project, require that an independent mecha-  
6       nism be established for, or included in the design of,  
7       the project to receive and adjudicate complaints  
8       from a person who is eligible for compensation if  
9       such person, not more than 6 years after the date  
10      of the completion of the project, finds that the com-  
11      pensation is either inadequate or improperly imple-  
12      mented.

13      “(g) EVALUATION.—The Secretary shall instruct the  
14      United States Executive Director at each multilateral de-  
15      velopment bank to inform the bank of, and use the voice  
16      and vote of the United States to achieve at the bank, the  
17      following goals:

18           “(1) Each multilateral development bank shall  
19      make the results of project and non-project oper-  
20      ations evaluations available to the public, including  
21      through the Internet Web site of the bank and in-  
22      cluding information on the quantity of projects eval-  
23      uated per year as a percentage of total projects ear-  
24      ried out.

1           “(2) Each multilateral development bank shall  
 2           require that all loans, grants, credits, policies, and  
 3           strategies, including budget support, prepared by the  
 4           bank include specific outcome and output indicators  
 5           to measure results, and that the indicators and re-  
 6           sults be published periodically during the execution  
 7           and at the completion of the appropriate project or  
 8           program, and at the number of years after such  
 9           completion determined to be appropriate for such  
 10          loan, grant, credit, policy, or strategy.

11          “(3) Each multilateral development bank shall  
 12          promote rigorous evaluation of projects and policies  
 13          to ensure that the intent of such projects and poli-  
 14          cies is realized. Such a bank shall favor grants and  
 15          loans to applicants who agree, in consultation with  
 16          an independent evaluator or evaluators, to design  
 17          projects to facilitate the evaluation of outcomes. Rig-  
 18          orous evaluations shall measure the impact on those  
 19          served by a loan, grant, or credit and shall have a  
 20          carefully constructed comparison group to help  
 21          measure the impacts of the loan, grant, or credit.

22          “(h) QUALIFICATION POLICY.—

23          “(1) VOICE AND VOTE.—The Secretary shall in-  
 24          struct the United States Executive Director at each  
 25          multilateral development bank to encourage the

1 bank to implement the qualification policy for bor-  
 2 rowing countries described in paragraph (2), and use  
 3 the voice and vote of the United States to achieve  
 4 such policy at each bank.

5 “(2) QUALIFICATION POLICY FOR BORROWING  
 6 COUNTRIES.—The qualification policy for borrowing  
 7 countries referred to in paragraph (1) is a policy  
 8 that requires, in addition to the standards in effect  
 9 on the date of the enactment of the Development  
 10 Bank Reform and Authorization Act of 2005, each  
 11 multilateral development bank to qualify a country  
 12 for budget support, adjustment lending, policy lend-  
 13 ing for non-project loans, grants, or credits, or other  
 14 loans directed to the country’s budget based on  
 15 transparency in procurement and fiduciary require-  
 16 ments and requiring the borrowing country to make  
 17 its budget available to the public before funds are  
 18 disbursed to that country.

19 “(i) MICROFINANCE AND BUSINESS DEVELOP-  
 20 MENT.—The Secretary shall inform the management of  
 21 each multilateral development bank and the public that  
 22 it is the policy of the United States to encourage micro-  
 23 finance services for the poor and very poor (as that term  
 24 is defined in section 259 of the Foreign Assistance Act  
 25 of 1961 (22 U.S.C. 2214a)), and micro-, small-, and me-



1 dium-enterprise development programs, particularly in a  
 2 country where the government of such country ranks poor-  
 3 ly in the World Bank Institute's governance indicators.

4 “(j) RESOURCE DEPENDENT COUNTRY REVENUE  
 5 TRANSPARENCY.—

6 “(1) REQUIREMENTS FOR RESOURCE ASSIST-  
 7 ANCE FOR A GOVERNMENT.—The Secretary shall in-  
 8 form the management of each multilateral develop-  
 9 ment bank and the public that it is the policy of the  
 10 United States that any assistance provided by a  
 11 such bank including any investment, loan, credit,  
 12 grant, or guarantee, to a government of a resource-  
 13 dependent country or for any project located in a re-  
 14 source-dependent country, other than humanitarian  
 15 assistance, assistance to address HIV/AIDS, tuber-  
 16 culosis, malaria or food aid, may not be provided un-  
 17 less the government has in place or is taking the  
 18 necessary steps to establish functioning systems  
 19 for—

20 “(A) accurately accounting for all revenues  
 21 received by a borrowing government from a per-  
 22 son and all payments to a government in con-  
 23 nection with the extraction or export of natural  
 24 resources, such as gas, oil, oil shale, tar sands,  
 25 coal, any metal, mineral, or timber;

1           “(B) the independent auditing of such pay-  
2           ments and such revenues by a credible, inde-  
3           pendent auditor, applying international auditing  
4           standards, and the widespread regular public  
5           dissemination of the auditor’s findings, includ-  
6           ing a reconciliation of aggregate payments and  
7           revenues;

8           “(C) verifying such revenues against the  
9           records for such payments made by each per-  
10          son, including widespread dissemination of ag-  
11          gregate payment information in a manner that  
12          protects proprietary information, that observes  
13          the law of the borrowing country, and that the  
14          person determines does not cause substantial  
15          competitive harm;

16          “(D) making available to the public all  
17          contracts between the government of such coun-  
18          try or any person owned or controlled by such  
19          government, and any person that is engaged in  
20          the extraction or export of natural resources  
21          through a project or program supported by a  
22          bank, unless the person determines such disclo-  
23          sure would cause substantial competitive harm;

24          “(E) applying the revenue transparency  
25          approach described in this paragraph equally

1           and fully to all extractive industry companies  
2           operating in the country, including state-owned  
3           entities; and

4           “(F) establishing a legal framework for  
5           disclosure of payments from a person or con-  
6           tracts with a person and outlining the level and  
7           extent of disclosure or payment information by  
8           companies in the extractive industries.

9           ~~“(2) REQUIREMENTS FOR OTHER NATURAL RE-~~  
10          ~~SOURCE ASSISTANCE.—~~The Secretary shall inform  
11          the management of each multilateral development  
12          bank and the public that it is the policy of the  
13          United States that any assistance, including any in-  
14          vestment, loan, or guarantee, provided by such a  
15          bank to private sector sponsors for the extraction or  
16          export of natural resources in a resource-dependent  
17          country shall only be provided if the government of  
18          the country has in place or is taking necessary steps  
19          to establish the functioning systems described in  
20          subparagraphs (A) through (F) in paragraph (1)  
21          and if the private sector sponsors of such projects  
22          publicly disclose revenue payments made to the gov-  
23          ernment of such country, in accordance with the  
24          laws of such country regarding the required level  
25          and extent of such disclosure.

1           ~~“(3) COMPLIANCE WITH TRANSPARENCY~~  
 2           ~~GUIDELINES PRIOR TO APPROVAL OF ASSISTANCE.—~~

3           ~~In furtherance of the policy described in paragraph~~  
 4           ~~(1), not later than 2 years after the date of the en-~~  
 5           ~~actment of the Development Bank Reform and Au-~~  
 6           ~~thorization Act of 2005, the Secretary shall inform~~  
 7           ~~the management of each multilateral development~~  
 8           ~~bank and the public that it is the policy of the~~  
 9           ~~United States that any assistance by such a bank,~~  
 10           ~~including any investment, loan, credit, grant, or~~  
 11           ~~guarantee, other than humanitarian assistance, as-~~  
 12           ~~sistance to address HIV/AIDS, tuberculosis, or ma-~~  
 13           ~~laria or to provide food, to any government of a re-~~  
 14           ~~source-dependent country or for any project located~~  
 15           ~~in such country, shall not be provided unless the~~  
 16           ~~bank, prior to the approval of such assistance, has—~~

17                   ~~“(A) determined that the government has~~  
 18                   ~~in place the systems described in subparagraphs~~  
 19                   ~~(A) through (F) of paragraph (1), based on all~~  
 20                   ~~information that is relevant, applicable and rea-~~  
 21                   ~~sonably available to the bank, including, the~~  
 22                   ~~views of other international financial institu-~~  
 23                   ~~tions active in such country and the views of~~  
 24                   ~~civil society organizations that are active within~~  
 25                   ~~and outside such country;~~

1           “(B) determined that private sector spon-  
 2           sors of projects for the extraction and export of  
 3           natural resources have agreed to publicly dis-  
 4           close revenue payments to host governments;  
 5           and

6           “(C) made available to the public the find-  
 7           ings and conclusions identifying the information  
 8           taken into consideration in making such deter-  
 9           minations and the reasons for such determina-  
 10          tions.

11          “(4) RESOURCE-DEPENDENT COUNTRY DE-  
 12          FINED.—In this subsection, the term ‘resource-de-  
 13          pendent country’ means a country that has—

14               “(A) an average share of natural resource-  
 15               derived fiscal revenues of at least 25 percent of  
 16               the total fiscal revenues during the preceding 3-  
 17               year period; or

18               “(B) an average share of natural resource  
 19               export proceeds of at least 25 percent of the  
 20               total export proceeds during the preceding 3-  
 21               year period.”.

22   **SEC. 6. SENSE OF CONGRESS ON THE EXTRACTIVE INDUS-**  
 23               **TRY TRANSPARENCY INITIATIVE AND G-8**  
 24               **AGREEMENTS.**

25          It is the sense of Congress that—

1           (1) the President should continue promoting  
2           the Extractive Industry Transparency Initiative as  
3           one approach to help ensure that the revenues from  
4           extractive industries contribute to sustainable devel-  
5           opment and poverty reduction, as such Initiative is  
6           a voluntary initiative intended—

7                   (A) to promote greater transparency of de-  
8                   veloping country government revenues and ex-  
9                   penditures; procurement; concession-granting  
10                  systems; and

11                  (B) to work to recover stolen assets and  
12                  enforce antibribery laws;

13           (2) the United States should encourage the con-  
14           tinued work of the G-8 to promote the Extractive  
15           Industries Transparency Initiative; and

16           (3) the United States should support and en-  
17           courage the carrying out of the agreements of the  
18           G-8 made at the 2004 Summit at Sea Island, Geor-  
19           gia, and at the 2003 Summit at Evian, France, to  
20           promote transparency in public budgets, including  
21           revenues and expenditures; government procurement;  
22           public concessions; the granting of licenses with spe-  
23           cial emphasis on countries with large extractive in-  
24           dustries sectors, including the agreements made at  
25           the Summit at Sea Island which specifically—

(A) support the efforts of the Public Expenditure and Financial Accountability program at the World Bank to help developing countries achieve accountability in public finance and expenditure and to extend harmonized approaches to the assessment and reform of their public financial, accountability, and procurement systems;

(B) invite developing countries to prepare anticorruption action plans to implement the commitments of such countries in regional and international conventions; and

(C) achieve agreement on full disclosure of the World Bank International Development Association's Country Policy and Institutional Assessment results, with disclosure to begin with the 2005 ratings.

**SEC. 7. REPORTS FROM THE GOVERNMENT ACCOUNTABILITY OFFICE.**

(a) SENSE OF CONGRESS ON ACCESS TO INFORMATION.—It is the sense of Congress that—

(1) to evaluate the compliance of the multilateral development banks with the policies of the United States described in section 1505 of the International Financial Institutions Act, as added by sec-

tion 5 of this Act, and to prepare the reports required by this section, the Comptroller General of the United States should have full and complete access to financial information relating to the multilateral development banks, including information related to the performance, accountability, oversight, financial transactions, organization, and activities of the multilateral development banks;

(2) the Secretary should seek to conclude memorandums of understanding with the multilateral development banks to ensure that the United States will have access to documents related to information described in paragraph (1); and

(3) the Secretary of the Treasury should facilitate access by the Comptroller General of the United States to the financial information described in paragraph (1).

(b) ~~REPORT ON EFFECTIVENESS OF MULTILATERAL DEVELOPMENT BANKS.~~—Not later than 3 years after the date of the enactment of this Act, the Comptroller General of the United States shall—

(1) conduct a review of the effectiveness of each multilateral development bank in achieving the mission of such bank as set out in the articles of agree-



1       ment of such bank, specifically poverty reduction  
 2       and economic development; and

3       ~~(2)~~ submit to the appropriate congressional  
 4       committees a report on the findings of the review.

5       ~~(c) REPORT ON CONSISTENCY OF MULTILATERAL~~  
 6 ~~DEVELOPMENT BANK PRACTICES WITH STATUTORY~~  
 7 ~~POLICIES.~~—Not later than 3 years after the date of the  
 8 enactment of this Act, the Comptroller General of the  
 9 United States shall prepare and submit to the appropriate  
 10 congressional committees a report on the extent to which  
 11 the practices of the multilateral development banks are  
 12 consistent with the policies of the United States, as ex-  
 13 pressly contained in Federal law applicable to the multilat-  
 14 eral development banks.

15       ~~(d) REPORT ON REFORMS AT THE MULTILATERAL~~  
 16 ~~DEVELOPMENT BANKS.~~—Not later than 1 year after the  
 17 date of the enactment of this Act, the Comptroller General  
 18 of the United States shall prepare and submit to the ap-  
 19 propriate congressional committees a report on the extent  
 20 of the implementation of the reforms called for by the  
 21 Group of 8 or by the Group of 7, starting with the 2000  
 22 Okinawa Summit, as delineated in communiqués, chair-  
 23 man's statements, and other official communication  
 24 through the summit or finance ministerial processes of the  
 25 Group of 8 or the Group of 7.

1 **SEC. 8. CONTRIBUTIONS TO MULTILATERAL DEVELOP-**  
 2 **MENT BANKS.**

3 (a) **WORLD BANK.**—The International Development  
 4 Association Act (22 U.S.C. 284 et seq.) is amended by  
 5 adding at the end the following new section:

6 **“SEC. 23. FOURTEENTH REPLENISHMENT.**

7 **“(a) CONTRIBUTION AUTHORITY.—**

8 **“(1) IN GENERAL.**—The United States Gov-  
 9 ernor of the Association is authorized to contribute  
 10 on behalf of the United States \$2,850,000,000 to  
 11 the fourteenth replenishment of the resources of the  
 12 Association.

13 **“(2) SUBJECT TO APPROPRIATIONS.**—Any com-  
 14 mitment to make the contribution authorized by  
 15 paragraph (1) shall be effective only to such extent  
 16 or in such amounts as are provided in advance in  
 17 appropriations Acts.

18 **“(b) AUTHORIZATION OF APPROPRIATIONS.**—For the  
 19 contribution authorized by subsection (a), there are au-  
 20 thorized to be appropriated, without fiscal year limitation,  
 21 \$2,850,000,000 for payment by the Secretary of the  
 22 Treasury.”.

23 (b) **AFRICAN DEVELOPMENT BANK FUND.**—The Af-  
 24 rican Development Fund Act (22 U.S.C. 290g et seq.) is  
 25 amended by adding at the end the following new section:

1 **“SEC. 218. TENTH REPLENISHMENT.**

2 **“(a) CONTRIBUTION AUTHORITY.—**

3 **“(1) IN GENERAL.—**The United States Gov-  
 4 ernor of the Fund is authorized to contribute on be-  
 5 half of the United States \$407,000,000 to the tenth  
 6 replenishment of the resources of the Fund.

7 **“(2) SUBJECT TO APPROPRIATIONS.—**Any com-  
 8 mitment to make the contribution authorized by  
 9 paragraph (1) shall be effective only to such extent  
 10 or in such amounts as are provided in advance in  
 11 appropriations Acts.

12 **“(b) AUTHORIZATION OF APPROPRIATIONS.—**For the  
 13 contribution authorized by subsection (a), there are au-  
 14 thorized to be appropriated, without fiscal year limitation,  
 15 \$407,000,000 for payment by the Secretary of the Treas-  
 16 ury.”.

17 **(c) ASIAN DEVELOPMENT FUND OF THE ASIAN DE-**  
 18 **VELOPMENT BANK.—**The Asian Development Bank Act  
 19 (22 U.S.C. 285 et seq.) is amended by adding at the end  
 20 the following new section:

21 **“SEC. 32. EIGHTH REPLENISHMENT.**

22 **“(a) CONTRIBUTION AUTHORITY.—**

23 **“(1) IN GENERAL.—**The United States Gov-  
 24 ernor of the Bank is authorized to contribute on be-  
 25 half of the United States \$461,000,000 to the eighth  
 26 replenishment of the resources of the Fund.

1           ~~“(2) SUBJECT TO APPROPRIATIONS.—Any com-~~  
 2           ~~mitment to make the contribution authorized by~~  
 3           ~~paragraph (1) shall be effective only to such extent~~  
 4           ~~or in such amounts as are provided in advance in~~  
 5           ~~appropriations Acts.~~

6           ~~“(b) AUTHORIZATION OF APPROPRIATIONS.—For the~~  
 7           ~~contribution authorized by subsection (a), there are au-~~  
 8           ~~thorized to be appropriated, without fiscal year limitation,~~  
 9           ~~\$461,000,000 for payment by the Secretary of the Treas-~~  
 10          ~~ury.”.~~

11   **SEC. 9. ANNUAL REPORTS.**

12          ~~(a) INITIAL REPORT.—Not later than September 1,~~  
 13          ~~2006, the Secretary shall submit a report to the appro-~~  
 14          ~~priate congressional committees the describes the actions~~  
 15          ~~taken by the United States Executive Director at each~~  
 16          ~~multilateral development bank to implement the policy~~  
 17          ~~goals described in this Act and the amendments made by~~  
 18          ~~this Act and any other actions that should be taken to~~  
 19          ~~implement such goals.~~

20          ~~(b) UPDATES.—The Secretary shall submit to the ap-~~  
 21          ~~propriate congressional committees an annual update of~~  
 22          ~~the report required by subsection (a) for each of the fiscal~~  
 23          ~~years 2007, 2008, and 2009.~~

1 **SECTION 1. SHORT TITLE.**

2       *This Act may be cited as the “Development Bank Re-*  
3 *form and Authorization Act of 2005”.*

4 **SEC. 2. FINDINGS.**

5       *Congress makes the following findings:*

6           *(1) The United States has strong national secu-*  
7 *rity and humanitarian interests in alleviating pov-*  
8 *erty and promoting development around the world.*

9           *(2) The World Bank, the African Development*  
10 *Bank, the Asian Development Bank, the European*  
11 *Bank for Reconstruction and Development, and the*  
12 *Inter-American Development Bank leverage the re-*  
13 *sources that the United States and other donors can*  
14 *devote to such goals.*

15           *(3) Contributions from the United States and*  
16 *other donors to the multilateral development banks*  
17 *must be well managed so that the mission of such*  
18 *banks is fully realized and not undermined by cor-*  
19 *ruption. Corruption can influence important bank de-*  
20 *cisions on projects and contractors and misuse of*  
21 *funds can inflate project costs, cause projects to fail,*  
22 *undermine development effectiveness, and erode public*  
23 *confidence in institutions.*

24           *(4) Officials of the World Bank have identified*  
25 *corruption as the single greatest obstacle to economic*  
26 *and social development. Corruption undermines devel-*

1        *opment by distorting the rule of law and weakening*  
 2        *the institutional foundation on which economic*  
 3        *growth depends.*

4                *(5) Officials of the World Bank have determined*  
 5        *that the harmful effects of corruption are especially*  
 6        *severe on the poor, who are hardest hit by economic*  
 7        *decline, are most reliant on the provision of public*  
 8        *services, and are least capable of paying the extra*  
 9        *costs associated with corruption, bribery, fraud, and*  
 10       *the misappropriation of economic privileges.*

11               *(6) In hearings before the Foreign Relations*  
 12       *Committee of the Senate, it was demonstrated that—*

13                *(A) significant multilateral development*  
 14       *bank funding has been lost to corruption and it*  
 15       *is difficult to ascertain such amount precisely, in*  
 16       *part because the multilateral development banks*  
 17       *have not implemented procedures to calculate*  
 18       *such amounts, either in the aggregate or on a*  
 19       *country basis;*

20                *(B) the multilateral development banks are*  
 21       *taking action to address fraud and corruption*  
 22       *but additional measures remain to be carried*  
 23       *out;*

24                *(C) the capability of anticorruption mecha-*  
 25       *nisms, including investigations, reporting, and*

1        *disposition, are not consistent among the multi-*  
2        *lateral development banks and divergences in*  
3        *anticorruption policies exist that may hinder co-*  
4        *ordination on fighting corruption;*

5                *(D) weaknesses in whistleblower and report-*  
6        *ing policy and practice exist at the multilateral*  
7        *development banks, to varying degree, that im-*  
8        *pede antifraud and anticorruption efforts;*

9                *(E) greater transparency and investigative*  
10       *independence is necessary to provide effective de-*  
11       *velopment aid;*

12               *(F) the Secretary of the Treasury encour-*  
13       *ages anticorruption efforts at the multilateral de-*  
14       *velopment banks and reviews loans made by such*  
15       *banks, however, the United States has limited*  
16       *ability to investigate the misuse of funds from*  
17       *such banks; and*

18               *(G) in some cases, the countries bearing the*  
19       *cost of prosecuting corruption related to the mul-*  
20       *tilateral development banks are the countries*  
21       *that can least afford such costs, for example, the*  
22       *Government of Lesotho incurred considerable ex-*  
23       *penditure, despite competing priorities, such as those*  
24       *arising from an HIV/AIDS rate of more than 25*  
25       *percent in that country, to investigate and pros-*

1        *ecute fraud and corruption related to a project*  
 2        *that received funding from the World Bank and*  
 3        *the World Bank did not contribute money to-*  
 4        *wards the prosecution or investigation.*

5        *(7) The Government Accountability Office issued*  
 6        *a report in 2001 that evaluated the external audit re-*  
 7        *porting of the African Development Bank, the Asian*  
 8        *Development Bank, the European Bank for Recon-*  
 9        *struction and Development, and the Inter-American*  
 10       *Development Bank and a report in 2000 that evalu-*  
 11       *ated the internal controls of the World Bank, and rec-*  
 12       *ommended measures to strengthen such audit report-*  
 13       *ing and controls.*

14       *(8) The International Financial Institutions Ad-*  
 15       *visory Commission (also known as the “Meltzer Com-*  
 16       *mission”)* *concluded in 2000, among other things,*  
 17       *that—*

18                *(A) pressure to lend for lending’s sake is*  
 19        *built into the structure of the multilateral devel-*  
 20        *opment banks;*

21                *(B) although several of the multilateral de-*  
 22        *velopment banks recognize this problem and have*  
 23        *called attention to the need for change, there is,*  
 24        *at most, weak counterbalance to the pressure to*  
 25        *lend; and*



1                   (C) the multilateral development banks' sys-  
 2                   tems for project evaluation, performance evalua-  
 3                   tion, and project selection must be improved, and  
 4                   that such evaluation should be a repetitive proc-  
 5                   ess spread over time, including many years after  
 6                   final disbursement of funds.

7 **SEC. 3. DEFINITIONS.**

8       *In this Act:*

9                   (1) *APPROPRIATE CONGRESSIONAL COMMIT-*  
 10                  *TEES.*—The term “appropriate congressional commit-  
 11                  tees” means the Committee on Foreign Relations of  
 12                  the Senate and the Committee on Financial Services  
 13                  of the House of Representatives.

14                  (2) *GROUP OF 7.*—The term “Group of 7” means  
 15                  Canada, France, Germany, Italy, Japan, the United  
 16                  Kingdom, and the United States.

17                  (3) *GROUP OF 8.*—The term “Group of 8” means  
 18                  the Group of 7 and Russia.

19                  (4) *MULTILATERAL DEVELOPMENT BANKS.*—The  
 20                  term “multilateral development banks” means the Af-  
 21                  rican Development Bank, the Asian Development  
 22                  Bank, the European Bank for Reconstruction and De-  
 23                  velopment, the Inter-American Development Bank, the  
 24                  World Bank, and any subsidiary or affiliate of such  
 25                  institutions.

1           (5) *PERSON*.—The term “person” includes a gov-  
 2           ernment, a government-controlled entity, a corpora-  
 3           tion, a company, an association, a firm, a partner-  
 4           ship, a society, and a joint stock company, as well as  
 5           an individual.

6           (6) *SECRETARY*.—Except as otherwise provided,  
 7           the term “Secretary” means the Secretary of the  
 8           Treasury.

9           (7) *WORLD BANK*.—The term “World Bank”  
 10          means the International Bank for Reconstruction and  
 11          Development, the International Development Associa-  
 12          tion, the International Finance Corporation, and the  
 13          Multilateral Investment Guarantee Agency and any  
 14          subsidiary or affiliate of such institutions.

15 **SEC. 4. ANTICORRUPTION PROPOSAL AND REPORT.**

16          (a) *PROPOSAL*.—The Secretary shall develop a pro-  
 17          posal for a mechanism or program, that includes consider-  
 18          ation of an anticorruption trust and of a set aside of loans  
 19          or grants, that could be established at the multilateral devel-  
 20          opment banks—

21               (1) *to assist poor countries in investigations and*  
 22               *prosecutions of fraud and corruption related to a*  
 23               *loan, grant, or credit of the multilateral development*  
 24               *banks;*

1           (2) *to provide the means for hands-on prosecu-*  
 2           *torial training and education in order to better equip*  
 3           *recipient countries to fight fraud and corruption; and*  
 4           (3) *to build the capacity of agencies in recipient*  
 5           *countries to prevent fraud and corruption.*

6           (b) *REPORT.*—*Not later than September 1, 2006, the*  
 7           *Secretary shall submit to the appropriate congressional*  
 8           *committees a report on the proposal required by subsection*  
 9           (a).

10   **SEC. 5. PROMOTION OF POLICY GOALS AT MULTILATERAL**  
 11                           **DEVELOPMENT BANKS.**

12           *Title XV of the International Financial Institutions*  
 13           *Act (22 U.S.C. 262o et seq.) is amended by adding at the*  
 14           *end the following:*

15   **“SEC. 1505. PROMOTION OF POLICY GOALS.**

16           **“(a) DEFINITIONS.**—*In this section:*

17                   **“(1) APPROPRIATE CONGRESSIONAL COMMIT-**  
 18                   *TEES.*—*The term ‘appropriate congressional commit-*  
 19                   *tees’ means the Committee on Foreign Relations of the*  
 20                   *Senate and the Committee on Financial Services of*  
 21                   *the House of Representatives.*

22                   **“(2) MULTILATERAL DEVELOPMENT BANKS.—**  
 23                   *The term ‘multilateral development banks’ means the*  
 24                   *African Development Bank, the Asian Development*  
 25                   *Bank, the European Bank for Reconstruction and De-*

1        *velopment, the Inter-American Development Bank, the*  
 2        *World Bank, and any subsidiary or affiliate of such*  
 3        *institutions.*

4                “(3) *PERSON*.—*The term ‘person’ includes a gov-*  
 5        *ernment, a government-controlled entity, a corpora-*  
 6        *tion, a company, an association, a firm, a partner-*  
 7        *ship, a society, and a joint stock company, as well as*  
 8        *an individual.*

9                “(4) *SECRETARY*.—*Except as otherwise provided,*  
 10        *the term ‘Secretary’ means the Secretary of the Treas-*  
 11        *ury.*

12                “(5) *WORLD BANK*.—*The term ‘World Bank’*  
 13        *means the International Bank for Reconstruction and*  
 14        *Development, the International Development Associa-*  
 15        *tion, the International Finance Corporation, and the*  
 16        *Multilateral Investment Guarantee Agency, and any*  
 17        *subsidiary or affiliate of such institutions.*

18                “(b) *TRANSPARENCY*.—

19                        “(1) *PUBLICATION OF STATEMENTS*.—

20                                “(A) *IN GENERAL*.—*Not later than 60 cal-*  
 21        *endar days after a meeting of the board of direc-*  
 22        *tors of a multilateral development bank, the Sec-*  
 23        *retary—*

1           “(i) shall provide for publication on  
2           the Web site of the Department of the Treas-  
3           ury of—

4                   “(I) the justification for each vote  
5                   by the United States Executive Direc-  
6                   tor at the multilateral development  
7                   bank on any policy, loan, grant, or  
8                   credit before the board of directors of  
9                   the bank; and

10                   “(II) any official position state-  
11                   ment issued at the meeting by such  
12                   United States Executive Director at  
13                   the bank concerning an institutional  
14                   policy or strategy of the bank, includ-  
15                   ing           operational           policies,  
16                   anticorruption policies, and sector or  
17                   thematic strategies that were subject to  
18                   public consultation or public comment  
19                   period; and

20                   “(ii) should provide for publication on  
21                   the Web site of the Department of the Treas-  
22                   ury of any official position statement issued  
23                   at the meeting by such United States Exec-  
24                   utive Director at the bank concerning a  
25                   lending, grant, or guarantee operation

1                   *which would result or be likely to result in*  
 2                   *significant social or environmental effects.*

3                   “(B) *REDACTED MATERIAL.*—*The Secretary*  
 4                   *may redact material from the material to be*  
 5                   *made available under subparagraph (A) if the*  
 6                   *Secretary determines such material is too sen-*  
 7                   *sitive for public distribution.*

8                   “(2) *INFORMATION DISCLOSURE.*—*The Secretary*  
 9                   *shall instruct the United States Executive Director at*  
 10                  *each multilateral development bank to use the voice*  
 11                  *and vote of the United States to make available to the*  
 12                  *public all draft country strategies not less than 120*  
 13                  *calendar days prior to consideration of such strategies*  
 14                  *by the board of directors of the bank.*

15                  “(c) *STRENGTHENING DEVELOPMENT BANK ADMINIS-*  
 16                  *TRATION.*—*The Secretary shall instruct the United States*  
 17                  *Executive Director at each multilateral development bank*  
 18                  *to inform the bank of, and use the voice and vote of the*  
 19                  *United States to achieve at the bank, the following United*  
 20                  *States policy goals:*

21                  “(1) *Each multilateral development bank should*  
 22                  *require annual mandatory financial disclosure of any*  
 23                  *possible or apparent conflict of interest by each em-*  
 24                  *ployee of the bank, consultant to the bank, or inde-*  
 25                  *pendent expert to the bank whose duties and respon-*

1        *sibilities include, through decision or the exercise of*  
 2        *judgment, the taking of any action regarding—*

3                *“(A) contracting or procurement;*

4                *“(B) developing, administering, managing,*  
 5                *or monitoring loans, grants, programs, projects,*  
 6                *subsidies, or other conferred financial or oper-*  
 7                *ational benefits provided by the bank; or*

8                *“(C) evaluating or auditing any project,*  
 9                *program or entity.*

10              *“(2) Each multilateral development bank should*  
 11              *reform the ‘pressure to lend’ incentive structure at*  
 12              *such bank by—*

13              *“(A) holding management accountable for*  
 14              *program and project effectiveness;*

15              *“(B) linking project design and implemen-*  
 16              *tation and results to staff performance apprais-*  
 17              *als; and*

18              *“(C) requiring that staff increase its focus*  
 19              *on monitoring existing loans.*

20              *“(3) Each multilateral development bank should*  
 21              *continue strengthening whistleblower policies at the*  
 22              *bank to the level of emerging standards reflected in*  
 23              *national and international law in the Sarbanes-Oxley*  
 24              *Act of 2002 (15 U.S.C. 7201 et seq.), and the Inspec-*  
 25              *tor General Act of 1978 (5 U.S.C. App.).*

1           “(4) *Each multilateral development bank should*  
2           *continue strengthening voluntary disclosure programs*  
3           *for firms and individuals participating in projects fi-*  
4           *nanced by such banks, to the level of emerging best-*  
5           *practices as expressed in the Department of Defense*  
6           *Guidelines for Voluntary Disclosure and the audit*  
7           *policy of the Environmental Protection Agency.*

8           “(5) *All loan, credit, guarantee, and grant docu-*  
9           *ments and other agreements with borrowers should in-*  
10          *clude provisions for the financial resources and condi-*  
11          *tionality necessary to ensure that a person who ob-*  
12          *tains financial support from a multilateral develop-*  
13          *ment bank complies with applicable bank policies and*  
14          *national and international laws in carrying out the*  
15          *terms and conditions of such documents and agree-*  
16          *ments, including bank policies and national and*  
17          *international laws pertaining to the comprehensive*  
18          *assessment and transparency of the activities sup-*  
19          *ported, such as those concerning public consultation,*  
20          *access to information, public health, safety, and envi-*  
21          *ronmental protection.*

22          “(6) *Each multilateral development bank should*  
23          *develop, if it has not already done so, clear procedures*  
24          *setting forth a clear and uniform definition of*  
25          *sanctionable misconduct and the circumstances under*



1       *which a person will be barred from receiving a loan,*  
 2       *contract, grant, or credit from such bank, should*  
 3       *make such procedures available to the public, and*  
 4       *should make the identities of such person available to*  
 5       *the public.*

6               “(7) *Each multilateral development bank should*  
 7       *coordinate policies consistent with best practices*  
 8       *across international institutions on issues including*  
 9       *common definitions of fraud and corruption, debar-*  
 10       *ment procedures, procurement and consultant guide-*  
 11       *lines, and fiduciary standards so that a person that*  
 12       *is debarred by one multilateral development bank is*  
 13       *ineligible to conduct business with the other multilat-*  
 14       *eral development banks during the specified ineligi-*  
 15       *bility period.*

16       “(d) *ANTICORRUPTION PRACTICES.—*

17               “(1) *VOICE AND VOTE.—The Secretary shall in-*  
 18       *struct the United States Executive Director at each*  
 19       *multilateral development bank to inform the bank of*  
 20       *the United States anticorruption policy described in*  
 21       *paragraph (2)(A), and to use the voice and vote of the*  
 22       *United States to achieve such policy at the bank.*

23               “(2) *ANTICORRUPTION POLICY.—*

24               “(A) *IN GENERAL.—The anticorruption pol-*  
 25       *icy referred to in paragraph (1) is a policy that*

1        *requires a person (including beneficiaries of in-*  
 2        *vestment loans and grants made by a multilat-*  
 3        *eral development bank), as well as a bidder, sup-*  
 4        *plier, or contractor under a contract financed by*  
 5        *a multilateral development bank to observe the*  
 6        *highest standard of ethics during the procure-*  
 7        *ment and exception of such a contract. Such a*  
 8        *standard of ethics should be consistent with those*  
 9        *in the Foreign Corrupt Practices Act of 1977*  
 10        *(Public Law 95–213; 91 Stat. 1496) and in sec-*  
 11        *tion 27 of the Office of Federal Procurement Pol-*  
 12        *icy Act (41 U.S.C. 423) and prohibit coercive*  
 13        *practices, collusive practices, corrupt practices,*  
 14        *and fraudulent practices.*

15                “(B) *DEFINITIONS.—In this paragraph:*

16                        “(i) *COERCIVE PRACTICE.—The term*  
 17                        *‘coercive practices’ means harming or*  
 18                        *threatening to harm, directly or indirectly,*  
 19                        *persons, or their property, to influence the*  
 20                        *issuance, receipt, execution, or performance*  
 21                        *of any contract, loan, credit, grant, or other*  
 22                        *conferred financial or operational benefit*  
 23                        *provided by each multilateral development*  
 24                        *bank.*

1                   “(ii) *COLLUSIVE PRACTICE*.—The term  
 2                   ‘collusive practices’ means a scheme or ar-  
 3                   rangement between 2 or more bidders, with  
 4                   or without the knowledge of the Borrower,  
 5                   designed to establish bid prices at artificial,  
 6                   noncompetitive levels.

7                   “(iii) *CORRUPT PRACTICE*.—The term  
 8                   ‘corrupt practice’ means the offering, giv-  
 9                   ing, receiving, or soliciting, directly or indi-  
 10                  rectly, of anything of value to influence the  
 11                  action of a public official (including staff of  
 12                  a multilateral development bank) in the  
 13                  issuance, receipt, execution, or performance  
 14                  of any contract, loan, credit, grant, or other  
 15                  conferred financial or operational benefit by  
 16                  each multilateral development bank.

17                  “(iv) *FRAUDULENT PRACTICE*.—The  
 18                  term ‘fraudulent practice’ means a mis-  
 19                  representation or omission of facts in order  
 20                  to influence the issuance, receipt, execution,  
 21                  or performance of any contract, loan, credit,  
 22                  grant, or other conferred financial or oper-  
 23                  ational benefit by each multilateral develop-  
 24                  ment bank.

1       “(e) *STRENGTHENING DEVELOPMENT BANK AUDITING*  
 2   *AND PROCUREMENT.*—

3               “(1) *IN GENERAL.*—*The Secretary shall instruct*  
 4       *the United States Executive Director at each multi-*  
 5       *lateral development bank to inform the bank of, and*  
 6       *use the voice and vote of the United States to achieve*  
 7       *at the bank, the United States policy goal that each*  
 8       *multilateral development bank, that has not already*  
 9       *done so, should—*

10              “(A) *establish an independent investigation*  
 11       *office and an internal auditing function that is*  
 12       *free from interference in determining the scope of*  
 13       *investigations and internal auditing, performing*  
 14       *work, and communicating results, and that regu-*  
 15       *larly report to the board of directors of the bank;*

16              “(B) *adopt and implement an internation-*  
 17       *ally recognized internal controls framework, allo-*  
 18       *cate adequate staffing and budget to auditing,*  
 19       *require external auditor attestations of internal*  
 20       *controls and of external financial reporting, and*  
 21       *conduct forensic audits of loans where fraud is*  
 22       *suspected;*

23              “(C) *develop and formally adopt a proce-*  
 24       *dure for the confidential voluntary reporting of*

1           *misconduct by individuals and firms partici-*  
 2           *pating in bank-financed projects; and*

3           “(D) *adopt, implement, and apply consist-*  
 4           *ently internationally accepted procurement prac-*  
 5           *tices.*

6           “(2) *CORRUPTION INVESTIGATION INFORMATION*  
 7           *CENTER.—The Secretary shall instruct the United*  
 8           *States Executive Director at each multilateral devel-*  
 9           *opment bank to inform the bank of, and use the voice*  
 10          *and vote of the United States to achieve at the bank,*  
 11          *the United States policy goal that the banks should*  
 12          *create a Corruption Investigation Information Center*  
 13          *to be staffed by the banks and charged with maintain-*  
 14          *ing a relational investigative database for use by in-*  
 15          *vestigators from all the banks. Such database should*  
 16          *contain forensic, financial, and transnational infor-*  
 17          *mation pertaining to projects finance by a bank that*  
 18          *is developed as a result of investigations within a*  
 19          *bank, for use by all banks as a means to taking collec-*  
 20          *tive enforcement action against entities, individuals,*  
 21          *and officials engaged in corruption in connection*  
 22          *with a project financed by a bank.*

23          “(3) *INDEPENDENT INVESTIGATIVE FUNCTION.—*

24          “(A) *IN GENERAL.—The Secretary shall in-*  
 25          *struct the United States Executive Director at*

1        *each multilateral development bank to inform the*  
 2        *bank of, and use the voice and vote of the United*  
 3        *States to achieve at the bank, the establishment*  
 4        *of an independent investigative function to in-*  
 5        *vestigate corruption in their operational activi-*  
 6        *ties.*

7                *“(B) REPORT.—Each year, the United*  
 8        *States Executive Director of each multilateral*  
 9        *development should submit to the Secretary a re-*  
 10       *port on—*

11                *“(i) the status of the investigative func-*  
 12        *tion at the Director’s bank;*

13                *“(ii) the Director’s views as to whether*  
 14        *the investigative function remains oper-*  
 15        *ationally independent and capable of car-*  
 16        *rying out its mission; and*

17                *“(iii) what policies, practices, or proce-*  
 18        *dures are needed to strengthen the investiga-*  
 19        *tive function at each bank.*

20        *“(f) COMPENSATION FOR PEOPLE NEGATIVELY AF-*  
 21        *FECTED BY DEVELOPMENT BANK PROJECTS.—*

22                *“(1) VOICE AND VOTE.—The Secretary shall in-*  
 23        *struct the United States Executive Director at each*  
 24        *multilateral development bank to use the voice and*

1       *vote of the United States to achieve the policy de-*  
2       *scribed in paragraphs (2) and (3) at the bank.*

3               “(2) *COMPENSATION POLICY.*—*In consultation*  
4       *with various stakeholders including affected commu-*  
5       *nities, each multilateral development bank should de-*  
6       *velop a compensation policy which would apply to*  
7       *each project where compensation, including resettle-*  
8       *ment or rehabilitation assistance, is to be provided to*  
9       *persons adversely impacted by the project. The policy*  
10       *should require the establishment and financing of an*  
11       *independent and transparent mechanism that is re-*  
12       *sponsive to affected communities which will receive*  
13       *and resolve complaints from a person who is eligible*  
14       *for compensation if such person finds that the com-*  
15       *ensation is either inadequate or improperly imple-*  
16       *mented.*

17               “(3) *REPORT ON RESETTLEMENT.*—*Each multi-*  
18       *lateral development bank should publish in its annual*  
19       *report the number of people that have been resettled*  
20       *by projects funded by such bank during the previous*  
21       *fiscal year and report on the rehabilitation status of*  
22       *resettled people in relevant project documents.*

23               “(g) *EVALUATION.*—*The Secretary shall instruct the*  
24       *United States Executive Director at each multilateral devel-*  
25       *opment bank to inform the bank of, and use the voice and*

1 *vote of the United States to achieve at the bank, the fol-*  
 2 *lowing goals:*

3           “(1) *Each multilateral development bank should*  
 4           *make the results of project and nonproject operations*  
 5           *evaluations available to the public, including through*  
 6           *the Internet Web site of the bank. Such information*  
 7           *should include data on the number of projects evalu-*  
 8           *ated per year as a percentage of total projects carried*  
 9           *out.*

10           “(2) *Each multilateral development bank should*  
 11           *require that all loans, grants, credits, guarantees,*  
 12           *policies, and strategies, including budget support,*  
 13           *prepared by the bank include specific outcome and*  
 14           *output indicators to measure results, and that the in-*  
 15           *dicators and results be published periodically during*  
 16           *the execution and at the completion of the appro-*  
 17           *priate project or program, and at the number of years*  
 18           *after such completion determined to be appropriate*  
 19           *for such loan, grant, credit, policy, or strategy.*

20           “(3) *Each multilateral development bank should*  
 21           *promote rigorous independent evaluation of projects*  
 22           *and policies to ensure that the intent of such projects*  
 23           *and policies is realized. Each bank should encourage*  
 24           *applicants and borrowers to agree, in consultation*  
 25           *with an independent evaluator or evaluators, to de-*



1     *sign projects to facilitate the evaluation of outcomes.*  
 2     *Rigorous independent evaluations should measure the*  
 3     *impact on those served by a loan, grant, or credit and*  
 4     *should have a carefully constructed comparison group*  
 5     *to help measure the impacts of the loan, grant, or*  
 6     *credit.*

7     “(h) *QUALIFICATION POLICY.*—

8             “(1) *VOICE AND VOTE.*—*The Secretary shall in-*  
 9     *struct the United States Executive Director at each*  
 10    *multilateral development bank to encourage the bank*  
 11    *to implement the qualification policy for borrowing*  
 12    *countries described in paragraph (2), and use the*  
 13    *voice and vote of the United States to achieve such*  
 14    *policy at each bank.*

15            “(2) *QUALIFICATION POLICY FOR BORROWING*  
 16    *COUNTRIES.*—*The qualification policy for borrowing*  
 17    *countries referred to in paragraph (1) is a policy that*  
 18    *requires, in addition to the standards in effect on the*  
 19    *date of the enactment of the Development Bank Re-*  
 20    *form and Authorization Act of 2005, each multilat-*  
 21    *eral development bank to qualify a country for budget*  
 22    *support, adjustment lending, policy lending for non-*  
 23    *project loans, grants, or credits, or other loans di-*  
 24    *rected to the country’s budget based on transparency*  
 25    *in procurement and fiduciary requirements and re-*

1        *quiring the borrowing country to make its budget*  
 2        *available to the public before funds are disbursed to*  
 3        *that country.*

4        “(i) *MICROFINANCE AND BUSINESS DEVELOPMENT.*—  
 5        *The Secretary shall inform the management of each multi-*  
 6        *lateral development bank and the public that it is the policy*  
 7        *of the United States to encourage microfinance services for*  
 8        *the poor and very poor (as that term is defined in section*  
 9        *259 of the Foreign Assistance Act of 1961 (22 U.S.C.*  
 10        *2214a)), and micro-, small-, and medium-enterprise devel-*  
 11        *opment programs, because of the merit of these programs*  
 12        *in addressing poverty and economic growth, particularly*  
 13        *in a country where the government of such country ranks*  
 14        *poorly in the World Bank Institute’s governance indicators.*

15        “(j) *EXTRACTIVE INDUSTRY TRANSPARENCY.*—

16                “(1) *REQUIREMENTS FOR RESOURCE ASSIST-*  
 17        *ANCE.*—*The Secretary shall instruct the United States*  
 18        *Executive Director at each multilateral development*  
 19        *bank to inform the bank and the public and use their*  
 20        *voice and vote of the United States so that any invest-*  
 21        *ment, loan, credit, grant, or guarantee made by a*  
 22        *multilateral development bank for extraction or ex-*  
 23        *port of gas, oil, minerals, timber, or other natural re-*  
 24        *sources should not be provided unless the recipient*  
 25        *government has in place, or is taking the necessary*

1       *steps to establish prior to June 2008, functioning sys-*  
2       *tems for—*

3               “(A) *accurately accounting for all revenues*  
4               *received by a borrowing government from a per-*  
5               *son and all payments to a government in con-*  
6               *nection with the extraction or export of natural*  
7               *resources, such as gas, oil, oil shale, tar sands,*  
8               *coal, any metal, mineral, or timber;*

9               “(B) *the independent auditing of such pay-*  
10              *ments and such revenues by a credible, function-*  
11              *ally independent auditor applying international*  
12              *auditing standards, and making publicly avail-*  
13              *able the auditor’s findings and recommendations;*

14              “(C) *verifying government receipts against*  
15              *company payments made by each person, includ-*  
16              *ing widespread dissemination of annual pay-*  
17              *ment information in a manner that does not cre-*  
18              *ate competitive disadvantage or disclose propri-*  
19              *etary information;*

20              “(D) *establishing a legal framework for dis-*  
21              *closure of payments from a person or contracts*  
22              *with a person and outlining the level and extent*  
23              *of disclosure or payment information by persons*  
24              *in the extractive industries;*

1           “(E) making available to the public all con-  
 2           tracts between the government of such country or  
 3           any person owned or controlled by such govern-  
 4           ment, and any person that is engaged in the ex-  
 5           traction or export of natural resources through a  
 6           project or program supported by a bank, unless  
 7           such disclosure would cause substantial competi-  
 8           tive harm;

9           “(F) adopting internal control and audit  
 10          procedures for handling resource revenue receipts  
 11          through internal government accounts or special  
 12          fund arrangements and clearly describing and  
 13          disclosing to the public the spending of such re-  
 14          ceipts from such accounts or funds;

15          “(G) establishing a national audit body or  
 16          equivalent organization which is independent of  
 17          the executive, that would provide timely reports  
 18          for the legislative, and public on the financial  
 19          integrity of government accounts; and

20          “(H) applying the revenue transparency  
 21          approach described in this paragraph equally  
 22          and fully to all extractive companies operating  
 23          in the country, including State-owned entities.

24          “(2) REQUIREMENTS FOR SPONSORS OF RE-  
 25          SOURCE PROJECTS.—The Secretary shall inform the

1     *management of each multilateral development bank*  
 2     *and the public that it is the policy of the United*  
 3     *States that any multilateral development bank assist-*  
 4     *ance, including any investment, loan, or guarantee,*  
 5     *provided to public or private sector sponsors for the*  
 6     *extraction or export of natural resources should be*  
 7     *provided only if—*

8             *“(A) the government of the country has in*  
 9             *place or is taking necessary steps to establish the*  
 10            *functioning systems described in subparagraphs*  
 11            *(A) through (H) of paragraph (1);*

12            *“(B) the sponsors of such projects publicly*  
 13            *disclose payments made to the government of*  
 14            *such country in accordance with the legal frame-*  
 15            *work described in subparagraph (D) of para-*  
 16            *graph (1); and*

17            *“(C) agree to contract disclosure as de-*  
 18            *scribed in subparagraphs (D) and (E) of para-*  
 19            *graph (1).*

20            *“(3) COMPLIANCE WITH TRANSPARENCY GUIDE-*  
 21            *LINES PRIOR TO APPROVAL OF ASSISTANCE.—In fur-*  
 22            *therance of the policy described in paragraphs (1)*  
 23            *and (2), not later than 3 years after the date of the*  
 24            *enactment of the Development Bank Reform and Au-*  
 25            *thorization Act of 2005, the Secretary shall inform the*

1     *management of each multilateral development bank*  
2     *and the public that it is the policy of the United*  
3     *States to oppose any secondary or follow-up invest-*  
4     *ment, loan, credit, grant, or guarantee if the recipient*  
5     *government does not have in place the systems de-*  
6     *scribed in subparagraphs (A) through (H) of para-*  
7     *graph (1).*

8             “(4) *REPORT TO CONGRESS.*—Not later than  
9     *June 1, 2006, and annually thereafter, the Secretary*  
10    *of the Treasury shall submit to Congress and make*  
11    *available on the Web site of the Department of the*  
12    *Treasury, a report that includes, for each multilateral*  
13    *development bank, the following:*

14            “(A) *A description of the assistance ap-*  
15    *proved during the previous fiscal year for a*  
16    *project or program as set out in paragraph (1)*  
17    *or (2).*

18            “(B) *An assessment of the extent to which*  
19    *each country receiving such assistance is imple-*  
20    *menting a program that complies with the policy*  
21    *set out in paragraph (1), based on all relevant*  
22    *information including the views of the inter-*  
23    *national institutions and of civil society organi-*  
24    *zations.*

1           “(C) *An assessment of the extent to which a*  
 2           *person that received such assistance has disclosed*  
 3           *payments to governments and agreed to contract*  
 4           *disclosure, as described in subparagraphs (D)*  
 5           *and (E) of paragraph (1).”.*

6 **SEC. 6. SENSE OF CONGRESS ON THE EXTRACTIVE INDUS-**  
 7           **TRY TRANSPARENCY INITIATIVE AND G-8**  
 8           **AGREEMENTS.**

9           *It is the sense of Congress that—*

10           *(1) the President should continue promoting the*  
 11           *Transparency Initiative of the Group of 8 and the*  
 12           *Extractive Industry Transparency Initiative as ap-*  
 13           *proaches to help ensure that the revenues from extrac-*  
 14           *tive industries contribute to sustainable development*  
 15           *and poverty reduction, as such initiatives are vol-*  
 16           *untary initiatives intended—*

17           *(A) to promote greater transparency of de-*  
 18           *veloping country government revenues and ex-*  
 19           *penditures, procurement, concession-granting*  
 20           *systems; and*

21           *(B) to work to recover stolen assets and en-*  
 22           *force antibribery and anticorruption laws; and*

23           *(2) the United States should strongly support*  
 24           *and encourage the carrying out of the agreements of*  
 25           *the Group of 8 made at the 2005 Summit at*

1 *Gleneagles, Scotland, at the 2004 Summit at Sea Is-*  
 2 *land, Georgia, and at the 2003 Summit at Evian,*  
 3 *France, to promote transparency in public budgets,*  
 4 *including revenues and expenditures, government pro-*  
 5 *curement, public concessions, the granting of licenses*  
 6 *with special emphasis on countries with large extrac-*  
 7 *tive industries sectors, including the agreements made*  
 8 *at the Summit at Gleneagles which called on the*  
 9 *World Bank and other multilateral development*  
 10 *banks to implement the Extractive Industries Trans-*  
 11 *parency Initiative, and at the Summit at Sea Island*  
 12 *which specifically—*

13 *(A) support the efforts of the Public Ex-*  
 14 *penditure and Financial Accountability pro-*  
 15 *gram at the World Bank to help developing*  
 16 *countries achieve accountability in public fi-*  
 17 *nance and expenditure and to extend harmonized*  
 18 *approaches to the assessment and reform of their*  
 19 *public financial, accountability, and procure-*  
 20 *ment systems;*

21 *(B) invite developing countries to prepare*  
 22 *anticorruption action plans to implement the*  
 23 *commitments of such countries in regional and*  
 24 *international conventions; and*



1           (C) achieve agreement on full disclosure of  
 2           the World Bank International Development Asso-  
 3           ciation's Country Policy and Institutional As-  
 4           sessment results, with disclosure to begin with  
 5           the 2005 ratings.

6   **SEC. 7. CONTRIBUTIONS TO MULTILATERAL DEVELOPMENT**  
 7           **BANKS.**

8           (a) *WORLD BANK.*—*The International Development*  
 9           *Association Act (22 U.S.C. 284 et seq.) is amended by add-*  
 10          *ing at the end the following new section:*

11   **“SEC. 23. FOURTEENTH REPLENISHMENT.**

12          “(a) *CONTRIBUTION AUTHORITY.*—

13               “(1) *IN GENERAL.*—*The United States Governor*  
 14           *of the Association is authorized to contribute on be-*  
 15           *half of the United States \$2,850,000,000 to the four-*  
 16           *teenth replenishment of the resources of the Associa-*  
 17           *tion.*

18               “(2) *SUBJECT TO APPROPRIATIONS.*—*Any com-*  
 19           *mitment to make the contribution authorized by*  
 20           *paragraph (1) shall be effective only to such extent or*  
 21           *in such amounts as are provided in advance in ap-*  
 22           *propriations Acts.*

23               “(b) *AUTHORIZATION OF APPROPRIATIONS.*—*For the*  
 24           *contribution authorized by subsection (a), there are author-*  
 25           *ized to be appropriated, without fiscal year limitation,*

1 \$2,850,000,000 for payment by the Secretary of the Treas-  
 2 ury.”.

3 (b) *AFRICAN DEVELOPMENT BANK FUND.*—*The Afri-*  
 4 *can Development Fund Act (22 U.S.C. 290g et seq.) is*  
 5 *amended by adding at the end the following new section:*  
 6 **“SEC. 218. TENTH REPLENISHMENT.**

7 “(a) *CONTRIBUTION AUTHORITY.*—

8 “(1) *IN GENERAL.*—*The United States Governor*  
 9 *of the Fund is authorized to contribute on behalf of*  
 10 *the United States \$407,000,000 to the tenth replenish-*  
 11 *ment of the resources of the Fund.*

12 “(2) *SUBJECT TO APPROPRIATIONS.*—*Any com-*  
 13 *mitment to make the contribution authorized by*  
 14 *paragraph (1) shall be effective only to such extent or*  
 15 *in such amounts as are provided in advance in ap-*  
 16 *propriations Acts.*

17 “(b) *AUTHORIZATION OF APPROPRIATIONS.*—*For the*  
 18 *contribution authorized by subsection (a), there are author-*  
 19 *ized to be appropriated, without fiscal year limitation,*  
 20 *\$407,000,000 for payment by the Secretary of the Treas-*  
 21 *ury.”.*

22 (c) *ASIAN DEVELOPMENT FUND OF THE ASIAN DEVEL-*  
 23 *OPMENT BANK.*—*The Asian Development Bank Act (22*  
 24 *U.S.C. 285 et seq.) is amended by adding at the end the*  
 25 *following new section:*

1 **“SEC. 32. EIGHTH REPLENISHMENT.**

2 “(a) CONTRIBUTION AUTHORITY.—

3 “(1) IN GENERAL.—*The United States Governor*  
 4 *of the Bank is authorized to contribute on behalf of*  
 5 *the United States \$461,000,000 to the eighth replen-*  
 6 *ishment of the resources of the Fund.*

7 “(2) SUBJECT TO APPROPRIATIONS.—*Any com-*  
 8 *mitment to make the contribution authorized by*  
 9 *paragraph (1) shall be effective only to such extent or*  
 10 *in such amounts as are provided in advance in ap-*  
 11 *propriations Acts.*

12 “(b) AUTHORIZATION OF APPROPRIATIONS.—*For the*  
 13 *contribution authorized by subsection (a), there are author-*  
 14 *ized to be appropriated, without fiscal year limitation,*  
 15 *\$461,000,000 for payment by the Secretary of the Treas-*  
 16 *ury.”.*

17 **SEC. 8. REPORTS TO CONGRESS.**

18 (a) REPORTS FROM THE GOVERNMENT ACCOUNT-  
 19 ABILITY OFFICE.—

20 (1) SENSE OF CONGRESS ON ACCESS TO INFOR-  
 21 MATION.—*It is the sense of Congress that—*

22 (A) *to evaluate the compliance of the multi-*  
 23 *lateral development banks with the policies of the*  
 24 *United States described in section 1505 of the*  
 25 *International Financial Institutions Act, as*  
 26 *added by section 5 of this Act, and to prepare*

1        *the reports required by this section, the Comp-*  
 2        *troller General of the United States should have*  
 3        *full and complete access to financial information*  
 4        *relating to the multilateral development banks,*  
 5        *including information related to the perform-*  
 6        *ance, accountability, oversight, financial trans-*  
 7        *actions, organization, and activities of the multi-*  
 8        *lateral development banks;*

9                *(B) the Secretary should seek to conclude*  
 10        *memorandums of understanding with the multi-*  
 11        *lateral development banks to ensure that the*  
 12        *United States will have access to documents re-*  
 13        *lated to information described in subparagraph*  
 14        *(A); and*

15                *(C) the Secretary of the Treasury should fa-*  
 16        *cilitate access by the Comptroller General of the*  
 17        *United States to the financial information de-*  
 18        *scribed in subparagraph (A).*

19                *(2) REPORT ON REFORMS AT THE MULTILAT-*  
 20        *ERAL DEVELOPMENT BANKS.—Not later than 1 year*  
 21        *after the date of the enactment of this Act, the Comp-*  
 22        *troller General of the United States shall prepare and*  
 23        *submit to the appropriate congressional committees a*  
 24        *report on the extent of the implementation of the re-*  
 25        *forms called for by the Group of 8 or by the Group*

1       of 7, starting with the 2000 Okinawa Summit, as de-  
 2       lineated in communiqués, chairman’s statements, and  
 3       other official communication through the summit or  
 4       finance ministerial processes of the Group of 8 or the  
 5       Group of 7.

6               (3) *REPORT ON FINANCIAL STRUCTURE OF THE*  
 7       *WORLD BANK.*—Not later than 2 years after the date  
 8       of enactment of this Act, the Comptroller General of  
 9       the United States shall prepare and submit to the ap-  
 10      propriate congressional committees a report on the  
 11      appropriateness of the World Bank’s equity-loan ratio  
 12      to best address financial risks and development goals.

13              (4) *REPORT ON EFFECTIVENESS OF MULTILAT-*  
 14      *ERAL DEVELOPMENT BANKS.*—Not later than 3 years  
 15      after the date of the enactment of this Act, the Comp-  
 16      troller General of the United States shall—

17                   (A) conduct a review of the effectiveness of  
 18                   each multilateral development bank in achieving  
 19                   the mission of such bank as set out in the articles  
 20                   of agreement of such bank, specifically poverty  
 21                   reduction and economic development; and

22                   (B) submit to the appropriate congressional  
 23                   committees a report on the findings of the re-  
 24                   view.

1           (5) *REPORT ON CONSISTENCY OF MULTILATERAL*  
2           *DEVELOPMENT BANK PRACTICES WITH STATUTORY*  
3           *POLICIES.*—Not later than 3 years after the date of  
4           the enactment of this Act, the Comptroller General of  
5           the United States shall prepare and submit to the ap-  
6           propriate congressional committees a report on the ex-  
7           tent to which the practices of the multilateral develop-  
8           ment banks are consistent with the policies of the  
9           United States, as expressly contained in Federal law  
10          applicable to the multilateral development banks.

11          (b) *REPORTS ON IMPLEMENTATION OF POLICY*  
12          *GOALS.*—

13               (1) *INITIAL REPORT.*—Not later than September  
14               1, 2006, the Secretary shall submit a report to the ap-  
15               propriate congressional committees that describes the  
16               actions taken by the United States Executive Director  
17               at each multilateral development bank to implement  
18               the policy goals described in this Act and the amend-  
19               ments made by this Act and any other actions that  
20               should be taken to implement such goals.

21               (2) *UPDATES.*—The Secretary shall submit to the  
22               appropriate congressional committees an annual up-  
23               date of the report required by paragraph (1) for each  
24               of the fiscal years 2007 and 2008.



Calendar No. 674

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2<sup>D</sup> Session

**S. 1129**

**A BILL**

To provide authorizations of appropriations for certain development banks, and for other purposes.

DECEMBER 8, 2006

Reported with an amendment